

## When Money Rules



**T**The experts have delivered their verdict: the U.S. economy is in recession. The strained budgets, tight credit, and other financial woes that many people have experienced for months are all part of a downtrend that may persist for some time.

In tough times, it's essential that people manage their spending to create a safety cushion. Yet, even in bad times, some people can't stop spending. For those who are trapped by overspending, it's important

to understand the compulsion behind it, and find ways to take control.

### UNDERSTANDING THE GAME: HOW DID WE GET HERE?

**Strike 1:** It's hard to resist the constant call of consumerism. Our economic structure does little to promote the values of cutting back and saving.

**Strike 2:** Psychological needs can contribute to overspending. Some people buy gifts to feel loved. Others purchase the latest gadget to boost their self-image. Some find overspending makes them feel more powerful or less stressed. In most cases, people aren't even aware of their underlying motivations for buying.

**Strike 3:** Overspending can become a way of life. Living on credit means future income is already spoken for. Overspenders may be just one paycheck away from serious problems. One unexpected event—an illness or job layoff--and... you're out!

### THE COSTS OF OVERSPENDING

Whether it's you or your partner, the result can be considerable financial and emotional stress. Relationships suffer and dreams of a special trip or owning a home never materialize. People affected by overspending can feel anger, hurt, guilt, and low self-esteem.

### GAME WINNING STRATEGIES

If you tend to overspend, take heart—and take action. The following are several strategies to help.

- **Keep a money diary.** Write down not only what you spend, but what you were feeling before you made the purchase—and after. This can help you learn more about your motivations to spend.
- **Deal with the issues.** Learn what factors trigger your urge to buy, and use your awareness to help you make sound decisions.
- **Take a time out.** If you see something you must have, commit to thinking it over for 48 to 72 hours before you buy it. After that time, you may understand your need for the item more clearly, or it may have lost its luster.
- **Declare a break.** Take two weeks or better yet, a month, and only purchase what you truly need. It takes self-discipline, but you'll be amazed at what you may learn about yourself.

### GETTING HELP

The professional counselors at Work & Family Benefits can provide information and resources for all of your WorkLife challenges including family care needs, behavioral health problems, legal and financial issues, and overall wellness concerns. Contact us anytime for free, prompt, and confidential assistance. We're always here to help.



## Teaching Children the Importance of Saving

Helping children learn about the importance of saving money may seem impossible in a culture which tends to emphasize spending it. Many schools only teach the basics. What can parents do to help their children? Read on for tips about laying the foundation for sound money management.

### THE PAYOFF

There are many benefits to teaching children financial management skills. By learning while they are young, children can go on to...

- Develop strong savings habits and learn to spend money with discretion.
- Begin to understand investing and delayed gratification.
- Avoid debt and be able to plan for financial security as adults.

### FROM MAGIC TO MONEY MANAGEMENT

If you'd like to teach your children money management basics, start by discussing and agreeing on a plan with your spouse or partner. Then talk to your children about their thoughts on money. This will allow you to fine tune your approach and make future talks about money more productive. When is a good age to begin? Start when your children first really "notice" money. Remember that in their earliest experiences, money streamed out of magical machines at the touch of a few buttons, or simply appeared from "bottomless" pockets and pocketbooks. Your goal is to introduce some reality into their notion of money.

### THE LESSONS BEGIN

Picture this: you're in a store, and your child talks you into a trip down the toy aisle – immediately spotting and pleading for a high-priced item. The old

staple, "Money doesn't grow on trees!" is on the tip of your tongue. Instead, take a breath--here is an ideal teachable moment. Grab it! Tell your child that most people buy things with money that they earn. Right then and there, suggest starting an allowance to give your child an opportunity to earn money. Explain that after saving enough allowance, your child will be able to come back to the store with money to pay for a toy. If you've captured your child's interest, make sure to follow through.

### MAKE IT FUN!

Help your child decorate a box or a piggy bank for allowance "deposits." At the end of each month, help your child count how much money has added up in the piggy bank. Congratulate your child! Provide a further lesson on saving by adding a small percentage as interest. As your child's savings grow, talk about goals like buying a wished-for toy. You're on the way toward instilling the importance of saving and spending wisely.

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## Stretching Your Retirement Dollars

**W**e've all become more conscious of saving money and tightening our belts in the current weakened economy. For retirees, wise money management is critical. The following tips may help you in reducing costs and stretching your retirement dollars.



### REDUCING THE COST OF FOOD

**Avoid shopping on an empty stomach.** Those who stroll supermarket aisles just before mealtime tend to spend more and make unnecessary purchases.

**Check out the "per unit" costs.** These are noted on the product information labels on the shelves. Beware:

the larger size may not always be the better buy.

**Take advantage of coupon offers.** Clip them from magazines, or get them online. But only use them on items you really need.

**Split meals when eating out.** One restaurant portion is usually enough for two people. Add a side dish if necessary. When dining alone, divide the meal and take half home for leftovers.

### REDUCING THE COST OF UTILITIES

**Consider getting an energy audit on your home.** Your power company can suggest changes that may save significant amounts of money. Many cities offer incentives for people buying energy-efficient appliances or taking on energy-saving projects.

**Keep the freezer full.** Filling your freezer minimizes the power required to keep it running.

If you don't have that much food in the freezer, fill jugs with water and place them around the food. This provides more energy efficiency, and it will protect your food in a major power outage.

**Lower the temperature on the water heater.** Wrapping it also maximizes efficiency.

**Install a programmable thermostat.** Program temperatures that correspond to your heating or cooling needs 24/7 – when you're home, when you're out, and while you're sleeping.

**Use ceiling fans.** Fans can reduce the load on your cooling/heating systems all year. Many models don't just circulate cool air in hot weather, but even have reverse action blades to push warm air down when it's cold.

**Switch to energy-efficient bulbs.** Check your local electrical store for the latest energy-conserving products.



**Consider energy-saving options for your home's exterior lighting.** Solar powered lights, timers, or motion-activated lighting are economic alternatives.

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## Protecting Yourself From Identity Theft

The Federal Trade Commission estimates that as many as 10 million Americans are victimized by identity theft annually. Identity theft is a crime that can destroy victims' good names and ruin their credit standing. It also requires that victims spend much time, effort, and expense to undo the damage. This is serious business.

Identity theft occurs when your personal information is taken and used without your permission or knowledge to commit fraud and other crimes. Identity thieves can use your name, social security number, credit card numbers, or other personal or financial information. By exploiting your personal information, they can open credit card or checking accounts, rent an apartment or car, establish utility or cable services, take out loans, or even get a job.

### THE TACTICS OF THIEVES

Don't get caught by surprise. To help guard against this crime, it is important to know some methods used by identity thieves. These include:

- Dumpster diving – rummaging through garbage cans and dumpsters for discarded mail or other papers containing personal identity information.
- Skimming – using special storage devices to extract information from credit cards that people use to pay for purchases in restaurants and stores.
- Phishing – sending spam or pop-up messages posing as financial institutions to lure people into divulging personal or financial information.
- Changing Addresses – diverting billing statements from your address to another address by filing a change of address form.
- Stealing – stealing wallets, mail, pre-approved credit offers, and more.



### SMART SAFEGUARDS

While nothing can provide absolute protection from identity theft, there are a number of actions you can take to minimize your risk.

- Use a crosscut shredder to destroy financial documents and all paperwork with personal information before discarding.
- Do not carry your social security card with you or give the number out unless absolutely necessary.
- Don't give out personal information over the phone, through the mail or on the internet, unless you have initiated the contact and know with whom you are dealing.
- Never click on links in unsolicited e-mails. Use firewalls, anti-spyware and anti-virus software on your computer.
- Do not use an obvious password, like your birthday. Experts recommend using more than four numbers. They also advise combining letters, numbers, or symbols to create unique passwords.
- Keep your personal papers and information in a secure place at home.



### GETTING HELP

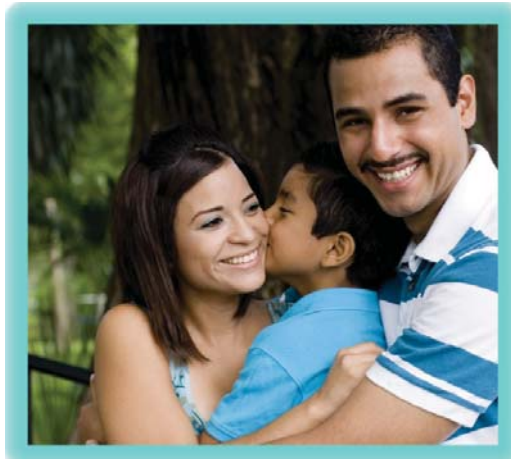
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## Qualifying for Credit

**T**he ability to access credit is critical in today's market, as evidenced by the economic meltdown due in part to—frozen credit! As individuals, it means more than just the power to purchase material goods. Credit standing can impact one's ability to obtain rental housing, car insurance, or even a job. The quality of one's credit standing may also determine the terms under which credit is extended. For example, a lower interest rate may be offered to someone who is deemed creditworthy.

Creditworthiness today is largely determined by something called a FICO score. The FICO score is calculated statistically, with information from a consumer's credit files. Many components are assessed to arrive at a total score between 300 and 850. The higher the score, the higher the credit standing, meaning lenders are more likely to extend credit. There are several key components of one's credit standing, including:



### CURRENT LEVEL OF INDEBTEDNESS

One factor considered is the number of accounts open and the balances on each account. Different types of credit are weighted differently; for example, installment loans, credit cards, or lines of credit. But a high level of indebtedness could result in reducing one's score. Monitor your credit card and loan balances regularly. A high level of debt translates as high risk to creditors.

### CREDIT PERFORMANCE

Prospective creditors ask several questions that relate to this factor. Have there been any delinquencies? How old are outstanding late payments? When late, how late? History is a strong predictor, so even a single late payment can weigh heavily here. It's crucial to make your payments on time.

### PURSUING NEW CREDIT

Every time a credit application is processed, an inquiry is created on one's credit record. Numerous inquiries by lenders can result in a poor rating. Those pre-approved applications received in the mail may not be such a good deal after all! It is wise to be prudent about the number of credit cards opened in a short period of time.

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## FITNESS: A Low Cost, High Return Investment

Wouldn't it be great if there were an investment that guaranteed a high return? There is! It's not listed on the New York Stock Exchange, and the upfront cost doesn't even have to amount to much for a big payoff.

The "investment" is your fitness! Granted, you can spend a bundle on equipment or health club memberships, but it's not necessary. You can spend modestly and enjoy the dividends of increased energy, decreased stress, fewer sick days, and improved overall physical and mental health.

Here are several strategies to help you shape up without a big monetary investment:

- Purchase inexpensive items for a home routine. Exercise bands can typically be found for under \$20. Hand or leg weights and an exercise ball can be purchased for your routine without breaking the bank.
- "Join" an exercise class by following along to a DVD. There are aerobics, Pilates, strength-training, and many other exercise regimens available on DVD. You can buy the DVD or borrow it from a library. Read the information on the package carefully to be sure that the program matches your fitness level, goals, and is endorsed by a certified fitness instructor.
- Be alert to exercise opportunities around you. Take an extra walk around the mall when shopping. Use the stairs instead of the elevator at work. When your children play, join in. Play a game of tag or kickball, or shoot some hoops.
- Check out the neighborhood recreation center or join your local YMCA for exercise classes. If



you like working with a personal trainer, but find it too expensive, try to locate a trainer who will work with two or three people at once so you can split the cost.

Whatever fitness routine you choose, remember to pay attention to your eating habits to get the best results from your "investment." Try some of the following ideas for healthier, less costly eating;

- Watch portion sizes. Don't supersize, downsize. When eating in restaurants, split a sandwich or meal with a friend, or take home half of your food for leftovers.
- Choose healthier side dishes, and go for the grill. Select the yogurt, fruit or side salad options with meals, and order your chicken sandwich grilled instead of fried.
- Cut down on high-calorie beverages. Try water with lemon, unsweetened tea, or sparkling water. There may be as many as 300 calories in some of today's popular sweetened drinks!

### GETTING HELP

\*Always check with your doctor before beginning an exercise program. The professional counselors at Work & Family Benefits can provide information and resources for all of your WorkLife challenges including family care needs, behavioral health problems, legal and financial issues, and overall wellness concerns. Contact us anytime for free, prompt, and confidential assistance. We're always here to help.



# If Your Wallet Could Talk

## JANUARY 2009

| Sunday | Monday                           | Tuesday                | Wednesday                                  | Thursday   | Friday   | Saturday |
|--------|----------------------------------|------------------------|--|--|--|----------|
|        |                                  |                        |  | 1<br>New Year's Day  | 2<br>Web Focus:<br>Protecting Yourself From Identity Fraud | 3        |
| 4      | 5                                | 6                      | 7  | 8  | 9  | 10       |
| 11     | 12                               | 13                     | 14<br>Webinar:<br>ABC's of Estate Planning | 15<br>Webinar:<br>ABC's of Estate Planning   | 16<br>Web Focus:<br>What is a Living Will?                 | 17       |
| 18     | 19<br>Martin Luther King Jr. Day | 20<br>Inauguration Day | 21   | 22   | 23   | 24       |
| 25     | 26                               | 27                     | 28   | Log on and register for this month's featured Webinar: ABC's of Estate Planning<br><br>National Thank You, Eye Care, Volunteer Blood Donor, and Book Month |  |          |

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